



# COVID-19 economic recovery planning

Senate Select Committee on Economic Recovery

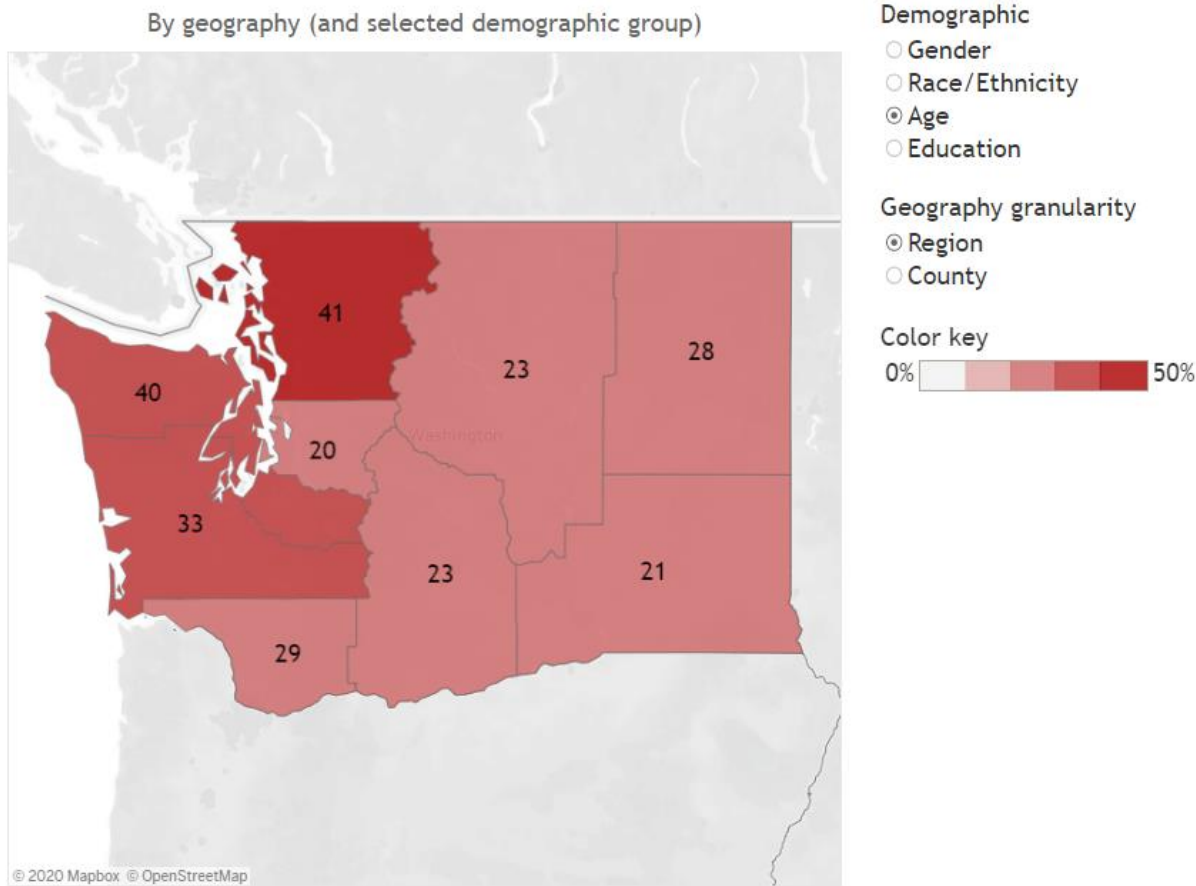
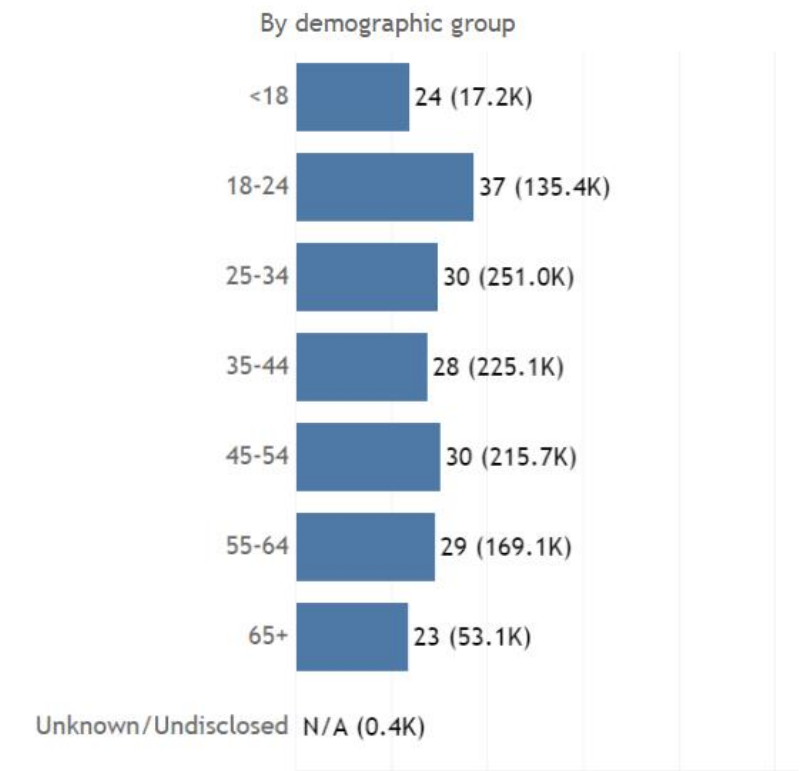
16 JUNE 2020

This presentation is guidance only. It does not constitute medical or safety advice, nor is it a formal endorsement or recommendation of a particular response.



# Washington State has seen >1M unemployment claims since March

UI Claims per 100 workers  
Since 3/1/2020



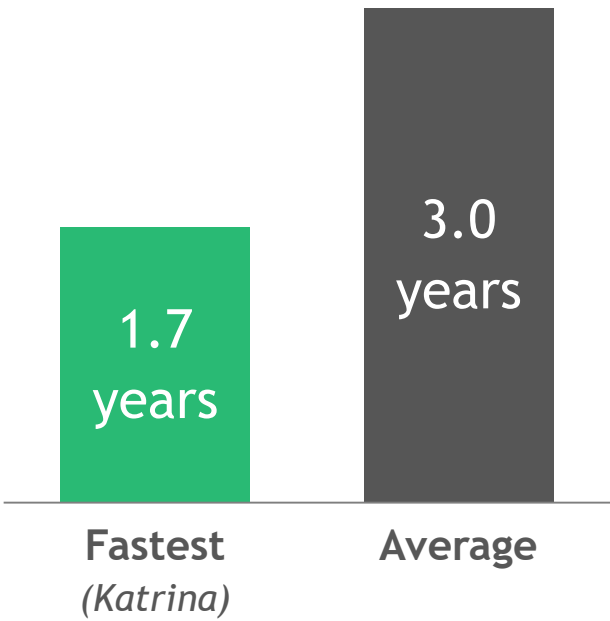
# History suggests job recovery will take multiple years

## Prior shocks (WA & other states)

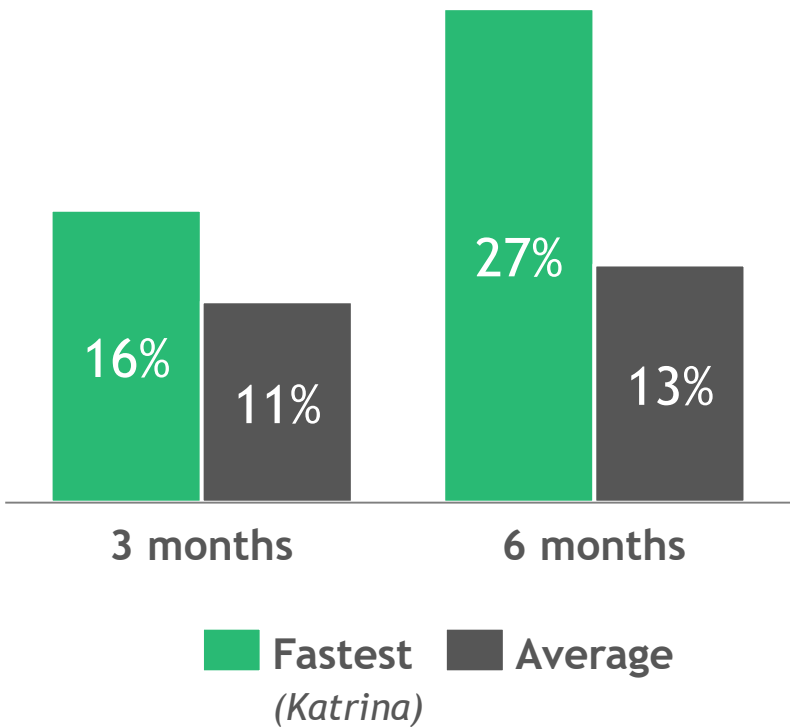
- WA State**
- Great Recession (2008-10)
  - Post 9/11
- Other States**
- NY: Post 9/11
  - LA: Katrina




## Multi-year recovery observed (Time from 'trough' to prior peak)



## Limited recovery in initial months (Avg. % of jobs recovered after 'trough')







## Planning for economic recovery

---

- ▶ There is no 'silver bullet'
- ▶ We are in a resource-constrained environment
- ▶ This crisis has deepened existing inequality
- ▶ Opportunity to strategically invest in State priorities



# Four categories of levers for Washington State to consider

Programs funded by the  
Operating budget

Investments funded by  
the Transportation Budget

Investments funded by  
the Capital Budget

Non-monetary policy levers



# We are compiling a 'long list' of potential ideas

Programs funded by the Operating budget

Provide loan guarantees to support small businesses

...

Investments funded by the Transportation Budget

Fund the maintenance / preservation backlog of roads and bridges

...

Investments funded by the Capital Budget

Expand funding for broadband to improve rural connectivity

...

Non-monetary policy levers

Survey state assets to determine if opportunities for higher ROI

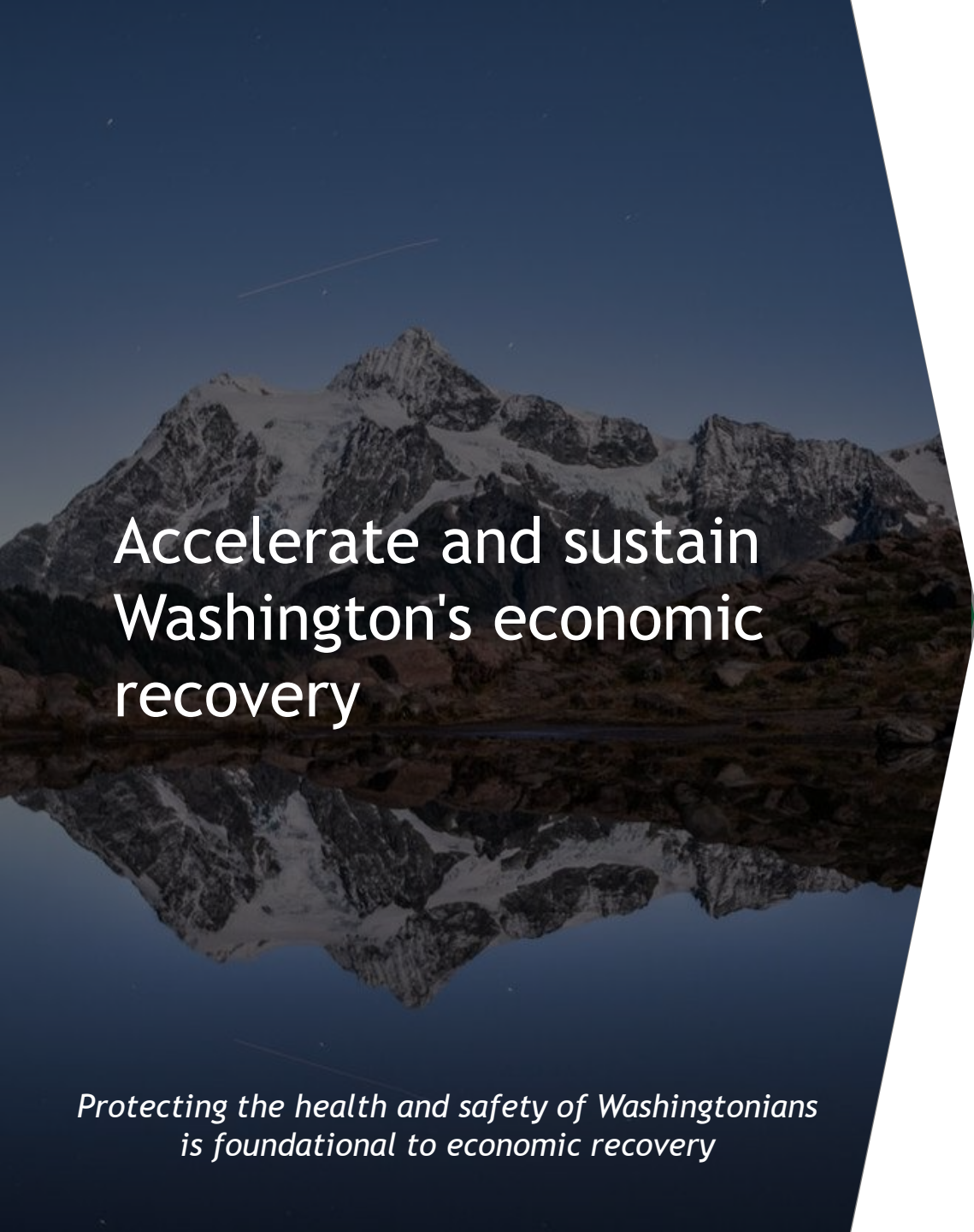
...

## Example metrics to assess:

- Jobs created
- Long-term GDP impact
- Jobs / dollar invested
- Alignment to WA State priorities (e.g., trade, equity, sustainability)
- Feasibility







# Accelerate and sustain Washington's economic recovery

*Protecting the health and safety of Washingtonians  
is foundational to economic recovery*

**Maximize the impact** of limited State resources

---

**Tailor the approach** to recover jobs and grow economy considering regional & industry needs

---

**Ensure an equitable recovery** that supports disadvantaged people & communities

---

**Keep Washington State priorities** front and center, such as maritime and sustainability

---

**Strategically invest in innovation** to grow the state's long-term advantage

Appendix: Long list of potential ideas  
*As of June 9<sup>th</sup> - will be continually updated*



# Government programs (I / II)

Category	Idea summary	Illustrative Examples
Workforce supports	Fund grants for companies to upskill workforce while still employed	Canada
	Expanded workforce re-skilling program targeting specific skills needed in the future economy	LA post-Katrina
	Fund targeted workforce re-skilling funding for displaced workers	LA post-Katrina, Great Recession
	Provide subsidies for community college/trade school credits for displaced workers	
	Build online platform and tools to match displaced workers with jobs	Australia; states post-Great Recession
	Fund public-private partnership apprenticeship programs to encourage hiring	Australia, US Federal
	Fund micro-credentialing of displaced workers to earn certifications in specific fields	Canada, Australia, US
Consumer confidence	Expand investment in tourism marketing to aid recovery of service sector	LA post-Katrina
	Schedule sales tax holiday to incentivize spending in impacted industries	Connecticut, Florida, Iowa
Entrepreneurship / small business	Provide business competency classes & workshops for small businesses to increase management capability	Australia, Ireland, Singapore
	Provide grants and low-interest loans for female, veteran and minority-owned businesses (may be through CDFIs)	NY, MD, other states
	Fund loans and loan guarantees to early stage startups (e.g. tech companies, food trucks)	UK
	Back loan guarantees for re-start capital directed at small businesses (may in partnership with CDFIs)	NM, LA, etc.
	Back loan guarantees for small businesses to spur growth, job creation, economic development (may be in partnership with CDFIs)	Other states, 'Great Recession'
	Establish sales tax holiday allowing small businesses to retain sales tax	UK, South Korea, China
	Establish small business resiliency fund with needs-based criteria	Malaysia
	Direct subsidies to small and medium businesses in impacted sectors	Norway
	Increase funding for the State's W Fund to encourage entrepreneurship	
	Provide temporary wage subsidies of small business wages to ease payroll costs	Canada, US

## Government programs (II / II)

Category	Idea summary	Illustrative Examples
Business support	Fund loans to boost corporate technology upgrades (e.g. cloud storage, mobile technology)	India
	Provide tax incentives for companies to invest capital and R&D spending	China, Japan
	Provide incentives for developers to create industry parks that benefit businesses by forming economic clusters	OR
	Provide loans and forgivable loans to commercial property owners	Canada
	Incentivize 'innovation districts' bringing together companies developing new technology (e.g. IOT, cloud infrastructure, cyber security)	
	Provide tax relief for impacted sectors (e.g. temporary elimination of B&O, property taxes)	Australia, Brazil
Individual/ household support	Provide grants to homeowners for home repairs and upgrades	LA post-Katrina
	Fund/subsidize workforce housing development to increase affordability for middle income workers	NJ, CA, FL
	Expand low income housing development tax credits	Multiple US states
	Provide direct cash subsidies to impacted workers (e.g. self-employed, seasonal, undocumented workers)	Denmark, Brazil
	Support Community Land Trusts to promote affordable housing	
	Expand funding for low-income housing programs (e.g. tax credit, multifamily housing development)	LA post-Katrina

# Infrastructure investments (Capital Budget or Transportation Budget)

Category	Idea summary	Illustrative Examples
Buildings	Invest in affordable housing to spur economic activity and protect vulnerable populations	Gulf Coast post-Kat.
	Expand investment in primary/secondary education facilities	
Communications	Improve broadband accessibility statewide to improve rural economic opportunities	Multiple states China, South Korea
	Increase 5G accessibility statewide to improve connectivity	
Transit	Fund Northern Columbia Basin Rail project to improve regional access to external markets	
	Invest in mass transportation across WA, to support personal/freight mobility	
	Speed completion of the North Spokane Corridor to decrease congestion and freight travel times	
	Replace West Seattle bridge with new structure, possibly including public transit	
	Build additional airport to meet current and future demand	
	Speed Replacement of I-5 interstate OR-WA bridge to reduce congestion and freight travel times	
	Fully fund maintenance/preservation backlog of state bridges and roads	
	Expand SEA-TAC airport to meet current and future demand	
Sustainability & Clean tech	Speed up road construction to take advantage of reduced traffic (e.g. move up deadlines, approve overtime)	FL
	Fund corporate and industrial carbon reduction programs (e.g. facility efficiency for airports, ports, corporate buildings)	Canada
	Additional funding for Weatherization Plus Health program, Energy Efficiency & Solar Grants, infrastructure upgrades, etc.	
	Additional funding for Clean Energy Fund (e.g., grants to non-profit lenders, transport electrification, grid modernization)	
	Move public transit fleets to lower carbon fuel sources (e.g. ferries, school buses)	
	Invest in port electrification: on-dock electrification and/or shift ferry fleet to electric power	
	Support investments in large-scale renewable power and/or grid efficiency	
	Grants to support sustainable agricultural practices	
	Fund nature-based climate solutions such as forestation	
	Fund R&D of synthetic fuels (e.g. for shipping / aviation) or biogas	
Environment & agriculture	Support investments in Carbon Capture Utilization and Storage	US
	Retrofit government buildings sustainably with Capital Budget	
	Fund Yakima integrated water plan - expansion of water supply to support agriculture and fish habitat	
	Repair Odessa aquifer to support agriculture region	
	Fund Wallula Dodd Water System project - agriculture region support	
	Invest in resiliency of infrastructure against natural disasters (e.g. storm water, earthquake resistance)	



# Non-monetary policy levers

Category	Idea summary	Illustrative Examples
Business supports	Expand Commerce export assistance (e.g. provide virtual training)	
	Create a virtual trade matchmaking platform to enable WA businesses to find trade partners	
	Guarantee loans for trade credit (e.g. B2B payment processors)	US Federal Gov
	Map 'adjacent' skills for impacted sectors to identify which workers to reskill	
	Encourage B2B procurement through "Buy local" PSA initiative	Multiple US states
	Encourage rezone aging strip malls or commercial centers for mixed use housing, taking advantage of coming decline in tax revenue and impact of e-commerce	MI, TX, MA
	Create certifications for businesses meeting or exceeding DOH guidelines	ME
	Encourage consumer spending through "Shop-local" PSA campaigns	
Business regulation	Create program to assist commercial real estate buyers/developers with research, land acquisition, and construction (e.g. regular status of commercial sites)	MI
	Re-assess business environment in WA: create a joint business/labor task force to identify burdensome regulations that discourage business investment	
	Clarify legal requirements for businesses operating post-COVID	Utah, Arizona
	Simplify the permitting process for new businesses and jobs (e.g. state business license)	US, Hungary
	Create Programmatic environmental impact reports (vs. for individual projects) to speed infrastructure completion	Minnesota, NY, US Fed Gov.
Government budgetary rules	Streamline process for "small business" and "disadvantaged business" certifications to make it easier for businesses to do business with the State	
	Direct state procurement to Washington-based small and medium businesses	
	Accelerate payments on public procurement to increase vendors' liquidity	Belgium
	Establish State Infrastructure Bank to better leverage Federal, State, and private funding	CA, OH, FL
Revenue generation	Temporarily eliminate competitive bidding requirements for public procurement to speed spending and project start	
	Sell naming rights of state assets (e.g. public transit, buildings) to fund development ideas	Estonia
	Survey State assets (e.g. gov. buildings, schools) to determine highest ROI land usage	Hong Kong, London, Copenhagen
	Establish State assets trust and management board to oversee use of State assets	London
	Call on Federal government to pass America Fast Forward Bonds to encourage infrastructure spending	

# COVID-19 Disclaimer

The situation surrounding COVID-19 is dynamic and rapidly evolving, on a daily basis. Although we have taken great care prior to producing this presentation, it represents BCG's view at a particular point in time. This presentation is not intended to: (i) constitute medical or safety advice, nor be a substitute for the same; nor (ii) be seen as a formal endorsement or recommendation of a particular response. As such you are advised to make your own assessment as to the appropriate course of action to take, using this presentation as guidance. Please carefully consider local laws and guidance in your area, particularly the most recent advice issued by your local (and national) health authorities, before making any decision.